

Message Text

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ACTION NEA-09

INFO OCT-01 EUR-12 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07 INT-05 L-02

NSAE-00 NSC-05 OMB-01 PM-03 USIA-06 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 FRB-03 FEA-01 PA-01 PRS-01

IO-10 ISO-00 /114 W

----- 120286

R 131200Z MAY 75

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 2420

INFO AMEMBASSY BRUSSELS

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY TEHRAN

C O N F I D E N T I A L ALGIERS 1146

E.O. 11652: GDS

TAGS: ENRG, AG

SUBJ: ALGERIAN VIEWS ON OIL DIALOGUE

1. EC COMMISSIONER SIMONET VISITED ALGIERS MAY 9 AND TALKED WITH MINISTER INDUSTRY AND ENERGY ABDESSELAM. ACCORDING EC AMBASSADORIAL CONTACTS, ABDESSELAM TOLD SIMONET THERE WOULD BE NO MOVEMENT ON PRICE OF OIL UNLESS DEVELOPED COUNTRIES GUARANTEED HELP WITH LDC PROBLEMS TOO. ABDESSELAM LISTED THREE DEMANDS AS FOLLOWS:

(1) DEVELOPMENT OF LDC RESOURCES, INCLUDING ENERGY; (2) ECONOMIC AND MONETARY REFORM; (3) GUARANTEE OF INDUSTRIALIZATION FOR DEVELOPING COUNTRIES AND PROPER FUNCTIONING OF INDUSTRIAL PLANTS BUILT BY DC'S. POINT (3) WAS APPARENTLY UPPERMOST IN ABDESSELAM'S MIND AT TIME OF CONVERSATION.

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2. ABDESSELAM INDICATED THAT IF LDC'S DID NOT GET FIRM COMMITMENTS WITH REGARD TO THESE DEMANDS, ALGERIA WAS PERPARED FOR CONFRONTATION AND NOT AFRAID OF CONSEQUENCES. HE EXPRESSED CONFIDENCE OPEC WOULD BE ABLE SUPPORT CONFRONTATION LONGER THAN DC'S. HE SAID THAT ALGERIA, WHICH THE DC'S APPARENTLY THOUGHT WAS COUNTRY MOST LIKELY TO GIVE IN, WOULD NOT DO SO, AND OTHER OPEC MEMBERS HAD NO NEED TO. (THIS IS CONTINUATION OF REACTION FIRST EXPRESSED TO SENATOR MCCLURE, BIMEM, ALGERIA IS THE TARGET, BUT WE WILL PUT THE BLAME ON YOU.)

3. ABDESSELAM ALSO SAID OPEC COUNTRIES READY FOR A DIALOGUE, BUT NOT AT PRESENT, WHEN DC'S SEEMED TO THINK MATTERS WERE GOING THEIR WAY. OPEC WOULD MEET AGAIN IN JUNE AND SEPTEMBER AND OIL PRICES WOULD BE REVIEWED AGAIN AT THOSE TIMES.

4. ABDESSELAM ALSO EXPRESSED DISAPPOINTMENT WITH EUROPEAN POSITION AT PREPCON. IT HAD STOOD WITH US AND JAPAN, INSTEAD OF STANDING UP FOR ITSELF. SIMONET HAD IMPRESSION ALGERIANS INTERPRETED EUROPEAN BEHAVIOR AT PREPCON AS MEANING THERE NO BASIS FOR DIALOGUE WITH EUROPE AND WOULD BE SEEKING DEAL DIRECTLY WITH US. (WE HAVE HAD NO INDICATION FROM ALGERIANS TO THIS EFFECT.) SIMONET BELIEVES ABDESSELAM ENVISAGES PRICE INCREASE THIS SUMMER. ABDESSELAM ALSO SEEMED TO THINK NEXT STAGE, IF THERE WAS TO BE A DIALOGUE, WOULD BE AT SPECIAL UNGA, WHICH SHOULD DECIDE COMPOSITION OF BODIES TO TAKE PART IN DETAILED DISCUSSIONS, WHICH WOULD NOT NECESSARILY TAKE PLACE AT UN. ABDESSELAM SAW NEGOTIATIONS AS BEING IN TWO STAGES: (1) AGREEMENT ON PRINCIPLES AND (2) DETAILS.

5. COMMENT: ABDESSELAM TOOK VERY TOUGH LINE WITH SIMONET, WHO PRESUMABLE SOMEWHAT SADDER AND WISER AS RESULT. HE TOOK SIMILAR TOUGH LINE WITH CANADIAN FINANCE MINISTER TURNER, WHO HERE EARLY MAY. CANADIANS REPORT TURNER UNABLE GET WORD IN EDGEWISE AND IMPRESSED WITH ABDESSELAM'S HARDNESS. WHILE WE THINK ABDESSELAM'S COMMENTS SHOULD BE TAKEN AT FACE VALUE, THERE ALSO CERTAIN AMOUNT OF BLUSTER HERE. ALGERIANS HEADING FOR ECONOMIC
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TROUBLE AND ABDESSELAM CANNOT BE IGNORANT OF PROBLEMS THAT LIE AHEAD. ALGERIANS FULLY CAPABLE OF SEEKING CONFRONTATION BUT THEY ALSO AWARE OF THEIR WEAKNESSES.
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